

## Message Text

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ORIGIN ERDA-07

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TO USMISSION OECD PARIS IMMEDIATE  
INFO AMEMBASSY BONN IMMEDIATE

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E.O. 11652:N/A

TAGS: TECH ENRGY

SUBJECT: U.S. PARTICIPATION IN EUROCHEMIC

1. REQUEST FOLLOWING LETTER, DATED DECEMBER 14, FROM ERDA ADMINISTRATOR SEAMANS BE DELIVERED TO DR. WOLF SCHMIDT-KUESTER, BMFT, WHO IS CHAIRING MEETING OF EUROCHEMIC BOARD IN PARIS, BEFORE HIS DEPARTURE, LETTER IS ALSO BEING AIRMAILED TO SCHMIDT-KUESTER IN BONN.

"YOUR LETTER OF SEPTEMBER 27 REGARDING EUROCHEMIC'S PROPOSED INTERNATIONAL PROGRAM IS VERY MUCH APPRECIATED SINCE I PLACE PARTICULAR VALUE ON PERSONAL COMMUNICATION FROM YOU ON THIS KIND OF SUBJECT. I AM AWARE THAT AN AGREEMENT HAS BEEN IN EXISTENCE WITH THE EUROCHEMIC COMPANY FOR SOME TIME WHICH CONTEMPLATED ERDA ASSISTANCE IN THE CONSTRUCTION AND STARTUP OF THE FLUID-BED CALCINING PROCESS IN RETURN FOR THE RESULTS OF STUDIES APPLIED TO THE CONDITIONING AND MANAGEMENT OF WASTES AT EUROCHEMIC.

WHILE THE PARTICULAR GOALS OF THE EUROCHEMIC COMPANY ARE  
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SOMEWHAT OUTSIDE OUR SPECIFIC PROGRAM INTEREST, WE APPRECIATE THE POTENTIAL BENEFITS OF SOME OF THE DEVELOPMENT PLANS INCORPORATED IN THE BASIC EUROCHEMIC PROGRAM AS WELL AS THE PROPOSED INTERNATIONAL PROGRAM, AND WOULD LIKE TO PARTICIPATE IF A SATISFACTORY ARRANGEMENT CAN BE FOUND. THESE ACTIVITIES CAN FORM PART OF AN EXPANDED INTERNATIONAL COOPERATIVE EFFORT IN WASTE MANAGEMENT RD&D, IN KEEPING WITH THE THRUST OF OUR DISCUSSIONS LAST JULY IN DENVER. I FULLY AGREE WITH YOUR STATEMENT THAT THE CREATION OF THE PROPOSED INTERNATIONAL R&D PROGRAM WOULD DEPEND ON WILLINGNESS OF ALL INTERESTED OECD COUNTRIES TO CONTRIBUTE FINANCIALLY ON AN EQUITABLE BASIS. IT IS OUR VIEW, HOWEVER, THAT THE EQUITY PRINCIPLE IS FULLY CONSISTENT WITH A SIGNIFICANTLY HIGHER VALUATION OF THE ASSISTANCE WE ARE PREPARED TO RENDER IN THE FLUID-BED CALCINER PROCESS. INDEED, I BELIEVE YOU INDICATED THIS IN DISCUSSIONS WITH SENIOR ERDA STAFF IN DENVER WHEN YOU ACKNOWLEDGED THAT THE U.S. TECHNOLOGY AND TECHNICAL ASSISTANCE EFFORT WOULD BE FULLY TAKEN INTO CONSIDERATION IN EVALUATION OF OUR CONTRIBUTION TO THE INTERNATIONAL PROGRAM.

AS WE UNDERSTAND THE PROPOSED FUNDING FORMULA FOR THE EUROCHEMIC INTERNATIONAL PROGRAM, THE CONTRIBUTION REQUESTED OF THE UNITED STATES WOULD TOTAL APPROXIMATELY \$2,900,000 INCLUDING THE ENTRANCE FEE TO NONMEMBERS. YOUR LETTER PROPOSES THAT THE UNITED STATES PARTICIPATION SHOULD BE THE PROVISION OF AN OPERATIONAL FLUID-BED PROCESS PLUS \$2,000,000 CASH. SINCE WE ESTIMATE SPENDING \$900,000 TO SUPPORT THE ASSISTANCE EUROCHEMIC HAS REQUESTED FOR FLUIDIZED-BED DESIGN, CONSTRUCTION AND STARTUP, THIS ESSENTIALLY GIVES ZERO VALUE TO OUR TECHNOLOGY AND THE TOTAL INVESTMENT WILL REACH APPROXIMATELY \$117,000,000 BY 1981. YOU CAN UNDERSTAND WHY WE HAVE A PROBLEM WITH YOUR PROPOSAL.

THE ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION IS WILLING IN PRINCIPLE TO CONSIDER FINANCIAL CONTRIBUTION TO THE EUROCHEMIC INTERNATIONAL PROGRAM EVEN THOUGH WE BELIEVE WE HAVE A RIGHT TO MUCH OF THE FUTURE RESULTS OF THIS EFFORT UNDER OUR 1973 AGREEMENT. THIS WILLING-  
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NESS IS CONDITIONED UPON AGREEMENT ON A FORMULA WHERE THE TOTAL CONTRIBUTION OF THE UNITED STATES, INCLUDING A REASONABLE EVALUATION OF THE FLUID-BED PROCESS, CAN BE

DEMONSTRATED TO BE IN EQUITABLE PROPORTION TO THE CONTRIBUTION OF OTHER PARTICIPANTS IN THE PROGRAM. FURTHER, THE FULL LIABILITY OF THE U.S. WOULD BE LIMITED TO THE CONTRIBUTION DECIDED ON AT THE OUTSET OF THE PROGRAM.

FINALLY, THE UNITED STATES WOULD DISTRIBUTE ITS PAYMENTS OVER A SEVEN-YEAR PERIOD DURING WHICH THE PROGRESS AND THE POTENTIAL UTILITY OF THE WORK TO THE UNITED STATES WOULD BE EVALUATED ANNUALLY IN CONNECTION WITH THE USUAL UNITED STATES GOVERNMENT BUDGET CYCLE.

I AM INSTRUCTING MY STAFF TO EXPLORE WITH THE APPROPRIATE EUROCHEMIC REPRESENTATIVES IF MEANINGFUL NEGOTIATIONS ON THIS MATTER CAN BE INITIATED AT THE EARLIEST POSSIBLE TIME. IF FINANCIAL PARTICIPATION BY THE UNITED STATES IS A PREDOMINANT CONSIDERATION, I AM PREPARED TO INSTRUCT MY STAFF TO CONSIDER AN ALTERNATIVE APPROACH WHEREBY OUR PARTICIPATION IN THE INTERNATIONAL PROGRAM WOULD BE NEGOTIATED SEPARATELY FROM THE PROVISION OF FLUID-BED TECHNOLOGY.

RECOGNIZING THAT A HEALTHY COOPERATIVE ARRANGEMENT IS BASED UPON A SOUND UNDERSTANDING OF ALL PARTIES SELF-INTEREST, I HOPE YOU WILL SEE FIT TO CONTINUE THIS DIALOGUE TO FIND A FORMULA WHICH IS AS EQUITABLE TO THE UNITED STATES AS IT IS TO THE EUROCHEMIC BOARD, AND WHICH ALSO CONTRIBUTES TO THE BROADER INTEREST OF ALL OF US TO DEMONSTRATE ACCEPTABLE MEANS OF TREATMENT AND DISPOSAL OF HIGH-LEVEL WASTE." KISSINGER

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